# JFMIP NEWS

A Newsletter for Government Financial Managers                    Winter 1999   Vol. 10.   No. 4.

## Comptroller General David Walker to Address JFMIP 28th Annual Conference

The Joint Financial Management Improvement Program (JFMIP) will sponsor its 28th Annual Financial Management Conference on Friday, March 19, 1999. This year's theme is "The Future is Now—Implementing Financial Management Initiatives."

The morning keynote speaker will be David Walker, the Comptroller General of the United States. The afternoon keynote speaker will be announced later.

A plenary session on Critical Governmentwide Accounting and Auditing Issues will be held in the morning. The panel is led by Donald Hammond, Fiscal Assistant Secretary, Department of the Treasury, and features Gene Dodaro, Assistant Comptroller General, Accounting and Information Management Division, General Accounting Office; and Norwood (Woody) Jackson, Acting Controller, Office of Federal Financial Management, Office of Management and Budget.

The luncheon session is highlighted with the presentation of awards by the JFMIP Principals. A special award will be given to Senator John Glenn for fostering financial management improvements in the public sector. We will also present the Donald L. Scantlebury Memorial Awards for distinguished leadership in financial management in the public sector.

The location of the Conference is the Hilton Washington and Towers, 1919 Connecticut Avenue, NW in Washington DC. For more information on the entire program and registration, see pages 6-7 in this issue of the JFMIP News. ❑

## New Chief Financial Officers

There are several new members at the Chief Financial Officers Council. Peter J. Basso, Jr. is the new Assistant Secretary for Budget and Programs/Chief Financial Officer (CFO) at the Department of Transportation. Mr. Basso's most recent position was Deputy Assistant Secretary for Budget and Programs at the U.S. Department of Transportation. He has also served as the Director of Fiscal Services for the Federal Highway Administration, the Assistant Director for General Management at the Office of Management and Budget, the Deputy Chair for Management at the National Endowment for the Arts, and several financial and administrative positions within the Federal Highway Administration.

Among his many professional affiliations, Mr. Basso currently is a Senior Management Consultant and Chair of the Management Curriculum Committee for the USDA Graduate School. He has also served as a board member and chairman on numerous councils and committees, including the President's Council on Management Improvement, the Small Agency Council, Consolidated Administrative Support Unit, and the Senior Executives Association.

Peter (Jack) Basso, a native of Maryland, received his undergraduate degree in Business Administration from the University of Maryland, College Park, MD in 1980 and continued with graduate studies in General Administration at the university from 1980-81.

Bert T. Edwards was sworn in as CFO and Assistant Secretary for the Bureau of Finance and Management Policy for the State Department on November 2, 1998. As CFO, Mr. Edwards is the principal State Department Executive responsible for directing worldwide Department level budgeting, planning and financial management and systems activities. The Department employs 23,000 people; manages 12,000 properties; operates 266

## Check out the JFMIP Website:
www.FinanceNet.gov/fed/jfmip/jfmip.htm.

# A Joint Perspective

Happy New Year! The JFMIP agenda for winter of 1999 continues the focus improving financial management systems through developing and maintaining up-to-date financial management system requirements and reeengineering the testing and qualification process for core financial systems. In addition, JFMIP is working to improve communications through more effective use of WEB based tools, and to enhance development of financial management human resources.

*Karen Cleary Alderman*
*Executive Director, JFMIP*

### Issuing and Updating Financial Systems Requirements—The Process

The Federal Financial Management Improvement Act (FFMIA) of 1996 imposed the requirement that Agency heads substantially comply with Federal accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB), and financial system requirements issued by JFMIP. Six of the seven financial systems requirements documents that were in existence when I arrived about a year ago were out of date. Thus commenced the yearlong effort to bring these documents to a form that would more appropriately serve the government community.
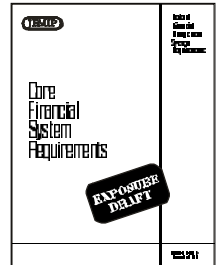
Many have asked how JFMIP issues these requirements documents. It's really not as bad as making sausage. Basically, the requirements development process is a group effort led by the major interest group or agency. JFMIP solicits the support of a major stakeholder organization to lead the process. Members of the teams are drawn from the agencies and institutions that have major stakes in the outcome. For instance, leadership for the Direct Loan System Requirements update came from the Department of Education. Membership was drawn from the loan making agencies and the General Accounting Office staff. Broader institutional review came from the Federal Credit Policy Working Group, the FASAB, and others.

For each system requirements effort, the team leader is the "trail boss" for the process. He or she ensures that functional requirements are updated for changes in law, regulation, and business practices. Part of the role is surfacing and resolving differences or elevating issues if no consensus can be achieved on key issues. JFMIP will help mediate institutional differences in the approach. The resulting draft document is submitted to JFMIP, which manages additional vetting with the FASAB.

Once all these comments are incorporated the document is forwarded to the JFMIP Steering Committee. The JFMIP Steering Committee is chaired by Donald V. Hammond, Fiscal Assistant Secretary, Department of the Treasury, and the Steering Committee members are: Gene Dodaro, Assistant Comptroller General for Accounting and Information Management Division, General Accounting Office; Norwood J. Jackson, Deputy Controller, Office of Federal Financial Management, Office of Management and Budget; J. Gilbert Seaux, Chief Financial Officer, Office of Personnel Management, and Thomas Bloom, Chief Financial Officer, General Services Administration. The Steering Committee conducts a "fatal flaw' review to identify any major problems. Upon approval of the Steering Committee, the Exposure Draft is issued for at least 60 days. This issuance is announced in the Federal Register, and the document is posted electronically on JFMIP Web page. Hard copies are sent to over 6000 "Senior Financial Managers," including private sector interests such as systems and software developers, associations and interest groups, academia, and government financial management leadership. This vetting process is intended to educate as well as to surface issues or objections to the governmentwide requirements. Issues raised through this process must be resolved to the satisfaction of the Steering Committee and unanimous consensus must be achieved prior to final issuance as a JFMIP Financial Systems Requirements documents. In light of the above discussion, what follows is a report card of the year's progress to date.

*Core Financial System.* The exposure draft for the updated Core Financial System Requirements document was formally issued on November 5, 1998, with comments due by January 8, 1999. The formal exposure draft includes mandatory functional requirements only. The Exposure Draft document is designed to be used in conjunction with the WEB based, searchable database found at: www.financenet.gov/financenet/fed/jfmip/pmo.htm. The database delineates requirements by number, source, description, mandatory or value added status, and identifies whether the requirement is the same, changed, or new. There is a 24 percent increase in mandatory requirements contained in the JFMIP Core Financial System Requirements Exposure Draft. These additions reflect changes in law and regulation, as well as identification of standard practices and functions identified by the financial community as necessary for the core accounting system to function.

The JFMIP and Chief Financial Officers (CFO) Council Financial Systems Committee team has been forced to develop the testing strategy concurrently with the issuance of the Exposure Draft in order to meet the compressed time schedules to field the new process by September 1999, when the existing Financial Management System Software schedule expires. Under the new process the software testing and qualification process will be separated from the procurement process. Federal agencies will be required to use only qualified software. However, there will be no mandatory procurement "schedule." The Core financial system qualification process is being designed based on the mandatory requirements contained in the Exposure Draft. The purpose of the qualification process is to reduce the risk to government, produce useful information, reduce agency test efforts, and give vendors information to reduce their cost to enter the Federal market. Unlike current practice, the testing process will be "in the clear," with test questions and results published. On December 17, 1998, the CFO Council Financial Systems Committee and the JFMIP hosted an open meeting to "vet" the testing process. The entire test design is available on the JFMIP "Knowledgebase" for review and comment. The goal is to close the comment period on the Exposure Draft for Core Financial System Requirements on January 8 and to make all

# Using Technology to Improve Training Opportunities

Technological advances and increased skills needs are changing the workplace at a very fast pace. These advances can make Federal employees more productive and provide improved service to their customers. Federal employees need to be trained to take full advantage of technological advances and to acquire the skills and learning needed to succeed in a changing workplace. On January 12, 1999, the President issued an executive order that establishes a coordinated effort to provide flexible training opportunities to employees and to explore how Federal training programs, initiatives, and policies can better support lifelong learning through the use of technology.

The President's Task Force on Federal Training Technology will provide the leadership for the effective use of technology in training and education; make training opportunities an integral part of continuing employment in the Federal government; and facilitate the ongoing coordination of Federal activities concerning the use of technology in training. The Task Force will consist of the heads of the following departments and agencies, or their representatives: State, Treasury, Defense, Justice, Interior, Agriculture, Commerce, Labor, Health and Human Services, Housing and Urban Development, Transportation, Energy, Education, the Office of Personnel Management, General Services Administration, Environmental Protection Agency, National Aeronautics and Space Administration, Small Business Administration, and Social Security Administration.

A representative from the Small Agency Council and representatives from other relevant agencies and related Federal councils, as determined by the Chair and Vice Chair of the Task Force. Janice Lachance, Director of the Office of Personnel Management (OPM), is the Chair and the representative from the Department of Labor is the vice chair.

The Task Force will develop and recommend to the President, a policy to make effective use of technology to improve training opportunities for Federal government employees. The policy should promote and integrate the effective use of training technologies to create affordable and convenient training opportunities to improve employee performance. The Task Force will seek the views of experts from industry, academia, and State and local governments, when appropriate.

Each Federal agency is responsible for including in its annual budget process a set of goals to provide the highest quality and most efficient training opportunities possible to its employees, and a set of performance measures of the quality and availability of training opportunities possible to its employees. The agency must also identify the resources necessary to achieve these goals and performance measures.

OPM will develop the government-wide training policy, coordinate and manage training policy programs, and provide technical assistance to Federal agencies. The Department of Labor will establish a specialized database for Federal training within the framework of the Department's American Learning Exchange, or other appropriate information dissemination vehicles determined by the Task Force, to make information about Federal training courses, information, and other learning opportunities widely available to Federal employees.

The executive order also established the Advisory Committee on Expanding Training Opportunities. This Committee will consist of not more than 20 members appointed by the President, who are outside the Federal government. They will include representatives from the research, education, labor, and training communities, information technology sector, and other critical services. This Advisory Committee will provide the President with an independent assessment of:

- the progress made by the Federal government in its use and integration of technology in training programs;

- how the Government programs, initiatives, and policies can encourage or accelerate training technology to provide more accessible, more timely, and more cost-effective training opportunities for all Americans;

- mechanisms for the Federal government to encourage private sector investment in the development of high-quality instructional software and wider deployment and utilization of technology mediated instruction; and

- the appropriate Federal government role in research and development for learning technologies and their applications.

To obtain a copy of the executive order, use the website of the CFO Council Human Resources Committee: www.financenet.gov/financenet/fed/cfo/hrc/hrc.htm. ❑

# CFO Fellows Program

The Chief Financial Officers (CFO) Council has announced the opening of the 1999 CFO Council Fellows Program, which offers advanced professional development opportunities to Federal financial management personnel who aspire to leadership positions in Federal financial management.

The concept of a CFO Fellows Program originated at the 1996 CFO Council retreat as a strategy to provide substantive professional development opportunities to promising financial managers and to provide the Federal government with a cadre of diverse, experienced staff which would serve as a source for future financial management leaders. CFO Fellows attend sessions at the Federal Executive Institute and the USDA Graduate School. The professional development objectives of the Program are to challenge and nurture their leadership skills, enhance their financial management competencies, and offer fresh perspectives on managing in a rapidly changing environment.

Program information is available on FinanceNet's home page for the Human Resources Committee of the CFO Council: http://www.financenet.gov/financenet/fed/cfo/fellows/99fellows.htm.

To apply for the program, one must include a letter of recommendation from his or her immediate supervisor, and the letter must be endorsed by the agency CFO. The closing date for applications is February 5, 1999. Potential candidates need to consider the lead time necessary for obtaining these endorsements. ❑

# The Blue Pages Project

In October 1995, Vice President Gore challenged telephone directory publishers and government agencies to redesign government telephone listings in a way that would make them as familiar, convenient and consistent as listings in the Yellow Pages. The National Partnership for Reinventing Government (NPR) and the General Services Administration were asked to take the lead in this initiative to revise the government's listings in telephone directories around the country by the year 2000. These listings are commonly referred to as the "Blue Pages."
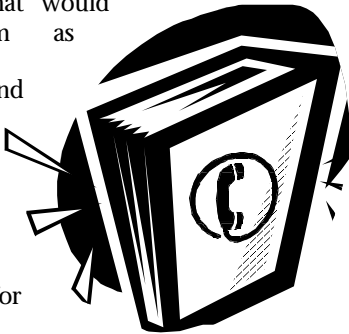
It is estimated that the public refers to the Blue Pages over 80 million times a year looking for products or services provided by the Federal government. Since telephone directories are often the first contact that people have with the government, people need a user-friendly resource, not one that causes frustration. For example, the new Blue Pages lists passport information under "P" for passport highlighted by a corresponding icon instead of under Department of State.

As of December 1998, the Blue Pages Project has enhanced over 200 directories reaching half of American households. This has been possible because of an extraordinary partnership forged between the government and phone companies. Someone joked at the outset of the project that any effort requiring the cooperation of such behemoths was doomed to fail. Happily, this has not been the case.

In fact, several phone companies are publishing the Blue Pages sections of their directories at no cost to the government. It is a goal of the Blue Pages Project that ultimately, all phone companies will publish government listings free as a public service. We are also working to incorporate state and local government listings with Federal listings, and to include listings in a second language where appropriate, e.g., Spanish in portions of Texas and Florida.

The results of recent focus groups held in Las Vegas following the publication of that city's new directory were very favorable. People thought that there was more useful information, and that the listings were easier to find and read. Some even commented that they had previously had no idea of the products and services offered by the Federal government.

In the three years since the project began, the Vice President has presented the Hammer Award to Blue Pages-related efforts on numerous occasions. These awards have gone to both government employees, as well as representatives of phone companies.

To find out more, visit the Blue Pages website at http://bp.fed.gov or call (877) 237-3738. ❑

diplomatic missions and 40 domestic offices; and issues 7 million visas and 6 million passports a year.

Prior to his appointment as CFO at the U. S. Department of State, Mr. Edwards was a Retired Partner of Arthur Anderson LLP and worked as a consultant from 1994 to 1998. Beginning at Arthur Andersen as an Accountant in 1951, he rose to Senior Accountant in 1964 and to manager in 1966. Rising to Arthur Andersen Partner in 1971, he became a Retired Partner and Consultant in 1994. From 1960 to 1970, Mr. Edwards also held the position of Financial Vice President, Leisure Time Industries, Inc,

He holds a B. A., from the Wesleyan University, received in 1959, and a M. B. A., from Stanford University, received in 1981. Mr. Edwards served in the U. S. Army Reserves from 1962 to 1968.

His awards and honors include: Royal Victor Fellow, Stanford University Graduate School of Business, 1960-1961; Junior Achievement Inc. Bronze Leadership and Silver Leadership Awards, 1979 and 1981; American Society of Military Controllers Outstanding Publication Award, 1983; Andy Barr Lifetime Achievement Award, Association of Government Accountants, 1993; Outstanding Service Award, Government Finance Office Association of the Metropolitan Washington Area, 1993; Lifetime Public Service Award, Greater Washington Society of Certified Public Accountants, 1997; and the McKelvy Prize (Alumni fund), Wesleyan University, 1997.

Edward A. Powell, Jr., was confirmed by the Senate as Assistant Secretary for Management at the Department of Veterans Affairs (VA) on October 21, 1998. Mr. Powell is the principal VA executive responsible for directing Department-level budgeting, finance and procurement. He is the Chief Financial Officer for the Department, which operates on a $41 billion budget. As VA's senior procurement executive, Mr. Powell is responsible for overseeing the Department's acquisition and materiel management system, including development and implementation of policies and regulations.

Mr. Powell is a Navy veteran who served on active duty with the Defense Intelligence Agency, He has broad business experience in finance, investment banking, strategic marketing, and management. Between 1989 and 1997, Mr. Powell owned and supervised Mechanism Design, Inc., a precision machine parts manufacturing firm. Previously, he was First Vice President of Investment Banking for Sovran Bank (now NationsBank), where he held a Series 7 Securities and Exchange Commission broker's license. Mr. Powell is also a former professor of business ethics and policy at the University of Richmond as well as a business planning consultant to various companies.

Mr. Powell earned a B.A. in Economics from Washington and Lee University and an M.B.A. from the University of North Carolina at Chapel Hill. ❑

FINANCIAL MANAGEMENT
# PROFILE

J. Larry Wilson is the Chief Financial Officer (CFO) at the Small Business Administration (SBA) and has held that position since September 1996. He has over 25 years experience in Federal financial management. Prior to joining (SBA) from 1992 to 1996, Mr. Wilson was the Director of the Office of Budget and Financial Management, Federal Transit Administration, Department of Transportation. From 1980 to 1992, he was the Director of Financial Management at the Agriculture Research Service, a component of the Department of Agriculture.

Mr. Wilson was the Assistant Director of Budget and Financial Management at NASA's Goddard Space Flight Center from 1978 to 1980. He served as the Deputy Comptroller at the U.S. Naval Academy from 1976 to 1978. Prior to that, he held various positions with a CPA firm and the Federal government.

Mr. Wilson holds a B. S. in Accounting and an M.B.A. from Middle Tennessee State University. He attended the Federal Executive Institute, and is a Certified Public Accountant (Maryland).

Mr. Wilson is a career Federal employee. As CFO, he has a full range of responsibilities at SBA including budget development and execution, calculation of loan subsidy rates under the Federal Credit Reform Act and traditional financial management functions such as accounting (including loan accounting, general ledger, collections, and internal review).

"The accomplishment of our office that I'm most proud of is the progress we've made in the calculation of subsidy rates under Federal Credit Reform. Two years ago, the lack of credibilty of our subsidy rates was probably the most visible SBA issue with the Hill and the media. With the support of Administrator Alvarez we were able to hire a competent staff to improve our analysis and validation efforts. We worked with the program office and opened up the process with our industry groups (to the maximum extent allowed) so they understood the assumptions behind the rates. We worked to make the rates accurate, credible and stable. In a recent draft report of the 5 major Federal credit agencies, SBA was clearly shown to have the most accomplishments and the fewest outstanding problems."

Mr. Wilson is extremely concerned about the shortage of qualified, multi-skilled personnel to perform the more complex tasks demanded of the Federal government. "Ken Bresnahan and his committee have done a great job working within the Federal system to address this problem. However, there is only so much that can be done within the system." Mr. Wilson's daughter was recently recruited by private industry and what they had to offer and the approach they used was an eye-opening experience. Private industry offers better salaries, better benefits and, in general, approaches prospective employees early and often. SBA has made some progress in hiring quality staff for budget, policy, and analytical positions. For hiring positions other than accountants, SBA is using the Presidential Management Intern (PMI) program. SBA accounting operations are or soon will be performed at the OCFO's Denver Finance Center (DFC). Recently the DFC has gotten top talent from Resolution Trust Corporation (RTC) and other Federal offices that have closed, so that recruiting hasn't been a problem there. As this source slows to a trickle, SBA will be recruiting accountants through cooperative education programs. The hope is to bring them into the office, acclimate them, and convert them to permanent employees. The key to the future is to be realistic about who the Federal government can attract, what level of academic achievement and from what schools and develop strategies that recognize these realities.

Downsizing of the Federal government over the last five years, has contributed to the lack of qualified employees and to employees being placed in positions they were not trained for. With the National Performance Review (NPR)-mandated 50% reduction of budget analysts and accountants, key fiduciary responsibilities were not being met. Fortunately, in the last two years, the SBA Administrator, Aida Alvarez has recognized the CFO shop's need for more staff and has been very supportive in providing the resources needed to rebuild the CFO.

When asked about a centralized or decentralized financial management organization, Mr. Wilson favors a centralized organization for SBA. Technology, however, is decentralizing everything, in terms of input. "SBA's basic strategy, which has been worked out with our Chief Information Officer Larry Barrett, is to deliver systems to the user that helps the user do their work more productively. Central office functions will then get the information they need as a by-product of making the user's job easier," Mr. Wilson said.

Mr. Wilson believes the process of preparing audited financial statements has promoted discipline and accountability in the Federal financial management community. "Everyone at SBA is very proud that we were the first Federal credit agency to receive a clean opinion on both statements and Administrator Alvarez mentions this in hearings and media interviews," he said. "We've gotten a clean opinion two years in row…and I'm hopeful that we will be able to 'clear the raised bar' this year with its new reporting requirements.

Mr. Wilson believes that SBA has a long way to go in the implementation of managerial cost accounting. "We have done some preliminary work in this area and recently our Deputy Administrator, Fred Hochberg has gotten interested. We're in the process of defining for him the operational areas that real cost accounting can have a high payoff and present some of the unit cost measures that can be computed and tracked." "Good cost accounting information is essential for the implementation of the Government Performance and Results Act (GPRA). However, the jury is still out on GPRA. I think like most legislatively mandated initiatives, GPRA will probably not live up to expectations but will influence resource allocation for the better over the years in subtle ways."

Currently, SBA is implementing a new state-of-the-art internal control framework called "COSO" which is named after the Committee of Sponsoring Organizations of the Treadway Commission. The Treadway Commission was formed by private accounting firms, financial institutions and others in the wake of the savings and loans crisis. Many savings and loans were going under, yet they had clean opinions on their financial statements. The COSO process was developed to correct this. It is a very high-level internal control process that provides warning signals and a process for self-assessment. Most people in our community would understand it as an expanded Federal Managers' Financial Integrity Act (FMFIA) process. "The GAO mentioned COSO in its recent draft standard on Internal Controls but as far as I know we're the only agency in the Federal government that is implementing this process right now."

# JFMIP 28th Annual Financial Management Conference

## Friday, March 19, 1999

## Hilton Washington and Towers

*Theme:  The Future is Now:
Implementing Financial Management Initiatives*

Keynote Speakers
David Walker, Comptroller General of the United States
Afternoon keynote speaker to be announced

Highlight Session
Critical Governmentwide Accounting and Auditing Issues
Leader:  Donald Hammond, Fiscal Assistant Secretary, Department of the Treasury

- Gene Dodaro, Assistant Comptroller General, Accounting and Information Management Division (AIMD), General Accounting Office (GAO)

- Norwood (Woody) Jackson, Acting Controller, Office of Federal Financial Management, Office of Management and Budget  (OMB)

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### *Concurrent Morning Sessions*

Resolving Y2K Issues
  Leader:  Nancy Killefer, CFO, Department of the Treasury
  Bert Edwards, Chief Financial Officer, Department of State
  Al Uretsky, Director, Financial Services Group, DMR Consulting Group
  Joel Willemssen, Director, Civil Agencies Information Systems, GAO

Financial Workforce 2000 and Beyond
  Leader:  Kenneth Bresnahan, Acting CFO, Department of Labor
  Sharon Fitzsimmons, Partner, PricewaterhouseCoopers
  Mary Lou Lindholm, Associate Director for Employment, OPM

Financial Systems Update
  Leader:  Karen Cleary Alderman, Executive Director, JFMIP
  R. Schuyler Lesher, Deputy CFO, Department of the Interior
  Catherine Nelson, Program Manager, Logistics Management Institute
  Frank Sullivan, Deputy CFO, Department of Veterans Affairs

### *Concurrent Afternoon Sessions*

Exploiting Electronic Initiatives for Financial Management
  Leader:  Chris Sale, Director, Management Initiatives, OMB
   Jerrry Cochran, Director, Office of Finance, GSA
  Robert Salvucci, President, SAP America Public Sector, Inc.
  Greg Woods,  COO, Office of Student Financial Assistance Programs

Looking Ahead with Federal Accounting Standards
  Leader:  Wendy Comes, Executive Director, Federal Accounting Standards Advisory Board (FASAB)
  David Mosso, Chairman, FASAB
  Sally Thompson, Chief Financial Officer (CFO), Department of Agriculture

Linking Resources to Results with Performance Plans
  Leader: Sallyanne Harper, CFO, Environmental Protection Agency
  Heather Huyck, Director, Office of Strategic Planning, National Park Service
  J. Christopher Mihm, Associate Director, General Government Division, GAO

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*CPE Credit*

This Conference qualifies for 7 hours of continuing professional education credit.

*Hotel Accommodations*

A small block of rooms is available at the Hilton Washington and Towers at the government rate. Please call the reservation desk on (202) 483-3000 or 1-800-321-3232 by February 16, and indicate that you are with the JFMIP Conference. The hotel is located at 1919 Connecticut Avenue NW, Washington, DC. It is 4 blocks north of Dupont Circle-Red line Metro stop.

*Registration Information*

Attendance at this conference can be approved under the Government Employees' Training Act. Training authorizations should be submitted no later than March 10, 1999. Early submissions are recommended. Registration starts at 7:00 am and the program will begin at 8:15 am. Cancellation must be in writing and received by March 10, or a billing will be made. Substitutions will be accepted.

The cost for the conference is $120. Individuals from Federal government agencies should submit an approved training authorization or purchase order. The purchase order should include a complete mailing address, phone number and billing address for each participant.

You also may submit a registration form and a check payable to Graduate School, USDA. VISA, MasterCard, Diners Club and American Express are accepted. All authorizations, checks and registration should be sent to:

JFMIP Conference
Graduate School, USDA, Room 280 (IH)
600 Maryland Ave SW
Washington, DC 20024-2520

Registrants will receive written confirmation that they are registered to attend this year's Conference. Please indicate a fax number and/or email address on your registration form, if you are registering in March. For further information about registration, please contact Isabelle Howes, (202) 314-3471 or fax (202) 479-6801.

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# JFMIP Annual Conference Registration Form

This registration form AND payment or training authorization must be received by March 10, 1999.

Conference fee: $120 per registrant.

Name_____
            (as you want to appear on your badge)

Title_____

Department/Organization_____

Office (e.g. Bureau or Administration)_____

Address_____Room_____

City_____State_____Zip_____

Office Phone (    )_____

Fax # (    )_____

Email address_____

Please indicate means of payment. Vendor is Graduate School, USDA.

_____Check (payable to Graduate School, USDA)

_____Please charge my:

     __Visa  __MasterCard  __Diners Club  __American Express

Credit card number_____

Expiration Date_____

Name of Card
holder_____

Signature_____
                  (as it appears on card)

_____Purchase Order/training authorization attached
     (please include 4 copies of your authorization form).

Special Needs (i.e. sign language interpreter, Braille, kosher meal, dietetic meal)

_____

_____

Mail to:
    JFMIP Conference,
    Graduate School, USDA, Room 280 (IH),
    600 Maryland Ave SW,
    Washington, DC 20024-2520.

Fax to: (202) 479-6801

For further information about registration, please contact Isabelle Howes, (202) 314-3471.

# Defense Travel System: Industry and Government Yielding Results

When the new Defense Travel System goes live in DoD in 1999, it will mark the culmination of DoD's intensive reengineering, development, testing and modification efforts. DoD will meet its goal of fielding an automated, paperless system that improves service, meets mission requirements, and reduces costs. What does the Defense Travel System mean to DoD travelers? The new system represents a whole new way of doing business for the DoD, and makes official travel faster, easier, and better than ever before.

There are two parts to the system. The government portion encompasses functions such as initiating travel requests, travel authorization, travel administration, the DoD travel archive, and accounting and fund disbursement. The commercial portion, includes the integration of Commercial Travel Office (CTO) services and an automated Common User Interface (CUI) that provides the same look, touch, and feel to all users worldwide.

To implement the Defense Travel System CUI in May 1998, the DoD selected a team led by TRW Inc. Implementation will begin in the 11 midwestern states of Defense Travel Region 6.

Subsequent to initial deployment within DoD, it will be possible, under the Economy Act, for all Federal department and agencies to request utilization of the Defense Travel System within their respective organizations.

## Testing Underway

To deploy the Defense Travel System within Defense Travel Region 6, and ultimately worldwide, DoD and TRW are engaged in multi-phased testing.

The first phase will test the computational module of the CUI to ensure accurate calculations of travel costs and reimbursements. It will be conducted at the Joint Interoperability Test Center (JITC) at Fort Huachuca, Arizona, with the technical support of the Defense Finance and Accounting Service.

During the second phase, JITC will test software usability and system interfaces. Various travel scenarios will be checked to ensure that users can plan trips, authorize travel, prepare and approve vouchers and perform other steps with ease. Interfaces to

supporting systems will also be examined. These systems include the new Defense Table of Distances, which provides point-to-point distances for the computation of travel vouchers for mileage, as well as Electronic Data Interchange with disbursing and accounting systems of
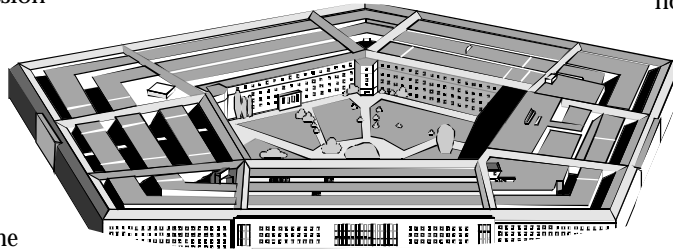


the DoD.

Phase 3 testing will take place at Whiteman Air Force Base, Missouri, where the DoD and TRW will focus on operations in the field using test and real data. This phase will include final proveout using actual travelers with real trips and payments.

## Easy Use – Result Producing

The system complies with the latest DoD travel regulations and stays current with per diem rates. It performs financial computations, accounting functions and provides supervisors and travelers estimated travel costs. The system is also capable of disbursing funds, including electronic transfers, to the traveler's official travel card account, and maintains historical travel data. When travelers are added to the Defense Travel System, their personal profiles will be loaded into the system as well as organizational accounting data. As the need arises, travelers will be able to update their travel preferences and personal profiles in the CUI.

Travelers will also gain the ability to input and update travel requests, including group requests managed by the same Authorizing Official (AO). These AO's will also digitally sign and review actual trip information, and supplemental information for a closed trip. The new reservation module connects travelers to real-time data on flight, hotel, and car availability at government fares. Drill-down features also put an incredible array of detail on hotel amenities and locations at the user's fingertips. Plus, the system will route trip requests for reservations

and ticketing to the Commercial Travel Office through the central reservation system.

The Defense Travel System will operate 24 hours a day. It is planned that travelers will be able to access the system through the web, client/server mode or modem. Those who do not have computer access can take advantage of the system via telephone and fax lines. American Express, which is providing travel services for DTR 6, has established a Defense Travel Center in Omaha, Nebraska, with eight additional on-site travel offices, to be named at a later date, to handle requests. Agents will directly access the CUI to make arrangements for those travelers who do not have access to a desktop computer.

## Security With Innovations Ensuring Integrity

In this new paperless Defense Travel System, users digitally sign for travel, which is the first major use of the Public Key Infrastructure (PKI) in DoD. PKI is the standard DoD-wide framework for DoD personnel to register for and obtain digital encryption and signature keys needed for electronic identification, authentication, integrity, and confidentiality.

Digital signature certificates are composed of unique private and public key pairs for each person registered in the DoD PKI. The private key, contained on a floppy disk, is kept in the owner's possession and is password protected. The public key is distributed openly as part of a certificate. Both keys must be used to electronically verify the authenticity of the individuals signing and approving travel documents. Users will be able to use these same tools for other medium assurance, business applications as they come on line.

## Look for Updates and Information

As the Defense Travel System takes shape, the Project Management Office and TRW will provide frequent updates on their progress through various public and private forums. One easy way to stay in tune with development and implementation is through their web sites. For more information on the Defense Travel System, please check out the Travel System web site at www.dtic.mil/travelink/, or contact the PMO by e-mail at: pmodts@osd.pentagon.mil ❑

# Developing Financial Systems Requirements

### Background

Recent legislation emphasized the need for agencies to have good financial systems that support the financial functions required to track financial events, provide information significant to the financial management of the agency, and/or required for the preparation of financial statements. The Joint Financial Management Improvement Program (JFMIP), working with the Chief Financial Officers (CFO) Council, specifically with the Financial Systems Committee, and Federal agencies, have developed financial systems requirements for Federal government over the past ten years. Office of Management and Budget Circular A-127, Financial Management Systems, states that "agency financial systems shall conform to existing applicable functional requirements for the design, development, operation, and maintenance of financial systems." The Circular then indicates that functional system requirements are defined in JFMIP documents in the Federal Financial Management Systems Requirements series.

JFMIP has issued 9 documents in the Federal Financial Management Systems Requirements series, including systems requirements for core financial, human resources/payroll, travel, seized property and forfeited assets, direct loan, guaranteed loan, inventory, managerial cost accounting, as well as the Framework for Federal Financial Management Systems. JFMIP is currently updating system requirements for human resources/payroll, travel, seized property and forfeited assets, direct loan, and guaranteed loan. We plan to develop system requirements for property and grant management and the other subsidiary systems shown in the agency systems architecture diagram.

### Process for Development of Financial System Requirements

The process for developing financial system requirements begins with the JFMIP Steering Committee's approval of the project to develop new system requirements. The JFMIP Steering Committee consists of senior financial officials from the Department 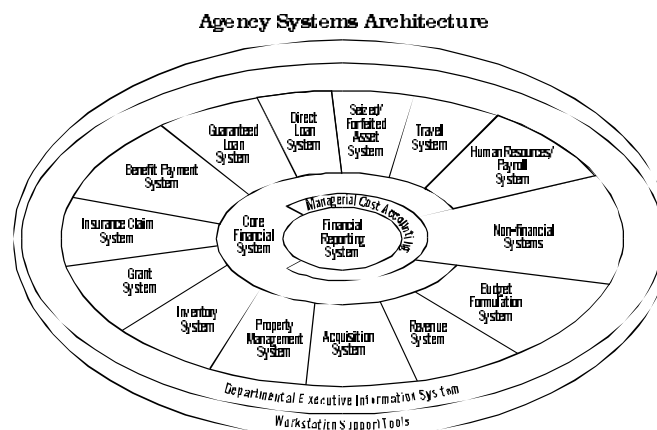of the Treasury, General Accounting Office, Office of Management and Budget, Office of Personnel Management, and a program agency representative, which currently is from the General Services Administration. Working with the CFO Council Financial System Committee, an interagency project team is established and the project team



Agency Systems Architecture

leaders are selected. The project leaders with the assistance of JFMIP staff develop a project plan defining the scope of the project, milestones, timelines and assumptions for the future. A kick-off meeting to initiate the project is then held. Team members meet and project goals and objectives are explained. Task assignments to develop sections for the requirement documents are made.

To develop the preliminary draft document, the project team needs to identify the key players or any affinity groups that have an interest in the establishment of the document. Key drivers, such as laws, regulations, technological changes, must also be considered. A preliminary draft document should be developed and shared electronically among the project team members. Meetings are held to discuss any revisions that should be made. A draft version that meets the project team leaders' approval is then sent to the external government groups, such as the CFO Council Financial Systems Committee and Federal Credit Policy Working Group, for review and comment. The project team meets with the external groups to discuss the contents of the preliminary draft. The project team may revise the preliminary draft with the comments received from these groups. The draft is then transmitted to the JFMIP Steering Committee for review and comment.

If there are significant changes made to the document, the draft is rewritten and the revised draft is transmitted to the entire project team for review. The project team members and external Federal group members may meet to discuss these changes. When these parties are satisfied with the changes made, the document is then resubmitted to the JFMIP Steering Committee for approval to issue the document as an exposure draft.

The exposure draft is posted electronically on the JFMIP webpage on FinanceNet, with notification announced in the JFMIP News and other publications. The exposure draft will also be published and distributed to those on the JFMIP distribution list for system requirement documents. The distribution list includes senior financial officials from Federal departments and agencies, and those from the private sector who requested that they are included on this distribution list. There is a 60-day comment period on the exposure draft. Written comments are reviewed, analyzed and summarized by the project team. Meetings may be held with those that provide comments to obtain additional information on the changes recommended. The project team leaders then present the major changes to the JFMIP Steering Committee. The Steering Committee may approve the changes, which are then incorporated in the final document. If the changes are significantly different from the original draft document, the JFMIP Steering Committee may request that a revised exposure draft be transmitted to the financial management community for comment before it is finalized.

When the JFMIP Steering Committee approves the document for final publication, the system requirements are posted electronically on the JFMIP webpage. The document is also printed and distributed to the financial management community. The JFMIP staff will assess periodically whether the system requirements documents are current. If they are not current, the staff will recommend that the JFMIP Steering Committee approve a project to update the documents. □

# FASAB *Update*

Highlights of Federal Accounting Standards Advisory Board (FASAB) actions taken at recent meetings are as follows:

## Property, Plant, and Equipment

The Board approved a portion of the Amendments to Statements 6, "Accounting for Property, Plant, and Equipment" (PPE) and 8, "Supplementary Stewardship Reporting". Statement of Recommended Accounting Standards No. 11, "Amendments to Accounting for PP&E - Definitional Changes," was submitted to the principals and has been signed. The Office of Management and Budget will publish the recommendation as "Statement of Federal Financial Accounting Standards No. 11."

The remaining amendments deriving from the exposure draft of February 1998 involve reporting on National Defense PP&E and Multi-use Heritage Assets. These amendments have been agreed to by the Board. The staff has provided the Board with "Statement of Recommended Accounting Standards No. 14" for final vote. These standards are expected to be completed in the first quarter of 1999.

The Board also initiated a research project to consider issues raised by respondents to the exposure draft. On December 3rd, the Board held a roundtable to discuss users needs with regard to weapons systems. Participants included representatives from the private sector, legislative aides from the House and Senate, and the Department of Defense, and the Bureau of Economic Analysis. The discussion focused on the current and potential use of cost and financial information on national defense PP&E. Participants discussed their roles as users and preparers of information.

## More Likely than Not

In December, the Board amended SFFAS No. 5, "Accounting for Liabilities of the Federal Government", with regard to contingent liabilities arising from litigation. The amendment provides for the use of "likely to occur" as the definition of probable rather than "more likely than not." The Board forwarded its recommendation to the FASAB principals for approval in early January. Once approved, the Office of Management and Budget will publish the amendment as "Statement of Federal Financial Accounting Standards No. 12."

## Deferral of Paragraph 65.2 of SFFAS No. 7

The Board issued an exposure draft in November proposing rescission of paragraph 65.2 of SSFAS No. 7, "Accounting for Revenue and Other Financing Sources." The paragraph requires disclosure of material revenue-related transactions such as penalties, abatements, interest, and collections. Based on responses, the Board decided to defer the provision and permit time for additional study. The study will address users needs and whether the information may be misleading— as the Internal Revenue Service stated.

## Subsidy Expense for Direct and Guaranteed Loans

At the October 23 meeting, the Board continued discussions on reporting subsidy expense of direct loans and loan guarantees. The discussion was initiated by an earlier proposal presented to the Board by the Accounting and Auditing Policy Committee (AAPC) Credit Reform Task Force. The proposal addressed paragraph 25 of the Statement of Federal Accounting Standards 2, "Accounting for Direct Loans and Loan Guarantees." Paragraph 25 requires reporting the dollar amounts of subsidy expense by components for interest subsidy, defaults, other costs, and fee receipts for direct or guaranteed loans disbursed during the reporting period. AAPC's task force proposed reporting estimated subsidy rates from the budget for direct loans or loan guarantees for the current and preceding year's cohort, rather than reporting the expense by cohort, rather than reporting the expense by component for the dollar amounts of loans disbursed during the year. It also suggested that agencies should provide narratives and trend analysis of subsidy expense. As a result of Board discussion, FASAB staff will draft an exposure draft for the proposed amendments to SFFAS 2 and will develop examples for the narrative disclosures.

## Social Insurance

The Board held a public hearing on October 5 and 6, for the purpose of hearing testimony from respondents to the February 20 Exposure Draft, "Accounting For Social Insurance." Major issues identified in comments concerned which programs to include, and whether the Board's identification of specific programs to be covered by the standard was preferable to developing specific criteria for identifying programs to be included as social insurance programs. The FASAB staff will prepare a preliminary draft of the standard for Board consideration at its February 1999 meeting.

New documents issued by FASAB include:

### Exposure Drafts

FASAB is proposing to issue an exposure draft, "Amendments to Deferred Maintenance Reporting."

This exposure draft would amend SFFAS 6 and 8, "Accounting for Property, Plant, and Equipment" and "Supplementary Stewardship Reporting," respectively. The amendment would reclassify deferred maintenance from a note disclosure to Required Supplementary Stewardship Information (RSSI). Action on the proposals is not expected until the second quarter of 1999.

### Interpretation

*Recognition by Recipient Entities of Receivable Nonexchange Revenue - Interpretation 5*

The Board approved an interpretation of SFFAS 7 that states that entities that receive nonexchange revenue collected on their behalf by another entity should recognize the revenue based on the best available evidence at the time the financial report is prepared. This provision of paragraph 60 of SFFAS 7 is intended to require recognition of the excise tax "true up" of the difference between amounts transferred to trust funds based on estimates by Treasury's Office of Tax Analysis and the actual amount subsequently determined by the collecting agency, the Internal Revenue Service. The intent of paragraph 60 is to recognize this "true up" amount as a receivable.

For more information, contact the Federal Accounting Standards Advisory Board at 202/512-7350. ❑

# The Franchise Fund Pilot Program: An Interim Assessment.

The Franchise Fund pilot program is authorized by Section 403 (f) of Public Law 103-356, the Government Management Reform Act (GMRA) of 1994. Under GMRA, each such fund, designated by the Director of the Office of Management and Budget (OMB), after consultation with the Congress, is authorized to provide common administrative support services, such as financial and administrative systems operation; payroll processing; records management; and financial and management training to Federal customers within the host agency and among other agencies.

This authorization and the eventual designation of six franchise fund pilots implemented a National Performance Review (NPR) recommendation to establish fully self-supporting business-like entities within the Federal government to compete in the market to provide Federal common administrative support services. Franchise funds can promote efficiency by consolidating repetitive administrative support functions, reducing administrative support costs, enhancing financial management practices, expanding public-public and public-private competition for the delivery of such services, and ultimately conserving government resources in a balanced budget environment.

The franchise fund pilots are working toward the goal of providing best-value administrative services, contributing to consolidation and cost efficiency across government. During the first year of operation, in which the pilots generated an average of $50 million in revenues, the franchise funds reported that they are increasing the number of customers that they serve, both internally (within their agency) and externally (from other Federal agencies); improving the quality of services they provide; and in selected cases, reducing charges to customers.

The agencies participating in the franchise fund pilot program work together, through the Chief Financial Officers (CFO) Council and its Entrepreneurial Government (EG) Committee, to develop recommendations on policy, procedures, and standards; to share information on best practices; and to implement the "12 Business Operating Principles." These principles, developed by the CFO Council's EG Committee, are broad guidelines to help franchise funds achieve the goals of GMRA. They are as follows:

### 12 Business Operating Principles

1. *Competition:* The provision of services should be on a fully competitive basis. The organization's operations should not be "sheltered" or be a monopoly.

2. *Voluntary Exit:* Customers should be able to "exit" and go elsewhere for services after appropriate notification to the service provider and be permitted to choose other providers to obtain needed services.

3. *Self-Sustaining / Full Cost Recovery:* The operation should be self-sustaining. Fees will be established to recover the "full costs," as defined by standards issued in accordance with FASAB.

4. *Surge Capacity:* Resources to provide for "surge" capacity and peak business periods, capital investments, and new starts should be available.

5. *FTE Accountability:* Full Time Equivalents (FTEs) would be accounted for in a manner consistent with the Federal Workforce Restructuring Act and OMB requirements such as Circular A-11.

6. *Initial Capitalization:* Capitalization of franchises, administrative service or other cross-servicing operations should include the appropriate FTE commensurate with the level of effort the operation has committed to perform.

7. *Adjustments To Business Dynamics:* The ability to adjust capacity and resources up or down as business rises or falls, or as other conditions dictate, are necessary.

8. *Cessation Of Activity:* The organization should specify that prior to curtailing or eliminating a service, the provider will give notice within a reasonable and mutually agreed time frame so the customer may obtain services elsewhere. Notice will also be given within a reasonable and mutually agreeable timeframe to the provider when the customer elects to obtain services elsewhere.

9. *Organization:* The organization would have a clearly defined organizational structure including readily identifiable delineation of responsibilities and functions and separately identifiable units for the purpose of accumulating and reporting revenues and costs. The funds of the organization must be separate and identifiable and not commingled with another organization.

10. *Services:* The enterprise should provide only common administrative support services.

11. *Performance Measures:* The organization must have a comprehensive set of performance measures to assess each service that is being offered.

12. *Benchmarks:* Cost and performance benchmarks against other "competitors" are maintained and evaluated.

An interim progress report was prepared jointly by OMB, the six franchise fund pilots, and the Entrepreneurial Government Committee. The report provides information on the six franchise funds, which have recently completed their first full year of operation, and presents recommendations to improve franchise fund activities in the coming years. It is available on the internet at www.financenet.gov/financenet/fed/cfo/franchiz/final.htm. Review of franchise operations continues as the pilots implement the report's recommendations and as the pilot expiration date approaches. ❑

# Firing Up the Audit Engine at GSA IG

*The following is an extract from an article that originally appeared in the Fall/Winter 1998 issue of the Journal of Public Inquiry.*

The employees of the Office of Inspector General (OIG), Office of Audits were honored to receive Vice President Gore's Hammer Award for reinventing the audit process at the General Services Administration (GSA). Several years ago, in response to pressures to do more with less, GSA OIG recognized that doing the same things better was simply not enough. With the Inspector General's endorsement and guidance, the office sought to put their clients' interest first and pioneer new methods for providing professional audit products and services. To accomplish the task, the IG redefined their role in light of the agency's needs, empowered their employees so they could employ innovative methods, eliminated red tape to expedite their processes, and shifted to a team evaluation approach. They believe the end result of their efforts is the delivery of better services to the Federal sector that, in turn, improves the quality of services provided to the American taxpayer. While the transformation was a challenging journey for the organization, roadblocks were encountered.

The first and most important step in completing their goal was getting the office leaders - especially the first line managers - to agree that what they had been doing for years was no longer meeting GSA's needs. To gain initial agreement, they started by analyzing those things that auditors are typically the most comfortable: cost, resource use, and timeliness. Analysis revealed that their cost/hour was higher than expected. Their resource investment was more than envisioned. And, their audits took too long to complete. An equally important second step was gaining the involvement of every staff member in redefining their organization. The staff's initial reaction to the self-imposed performance analysis was denial, followed by reluctant acceptance and - just as one would expect from auditors - genuine enthusiasm for transforming the organization.

At this stage, they began to formulate what type of audit group they wanted to become. First, they wanted to provide meaningful information to officials for improving agency effectiveness, but this meant defining their efforts relative to the agency's needs - not their own. In addition, they wanted their products to be useful for making critical program decisions, but this meant meeting management's information requirements and deadlines - not their own. Further, they wanted to be seen as a ready source for impartial professional expertise, but this meant expanding the breath of analytical services - not just performing audits. Finally, they wanted their services to be cost competitive with the private sector and continue to meet Government auditing standards.

They needed more than a tune up. Their vehicle needed a high performance engine to compete, needed to go in a different direction to be useful, and needed to become user friendly to operate at peak efficiency. In traditional audit language, they needed to:

- Set demanding goals for timeliness, resource cost, and customer satisfaction,

- Provide services that are valued by management, and

- Transform the culture into an empowered team environment.

While they would like to say that they scheduled out a detailed implementation plan, they did not. They went down a few dead-end streets and learned some important lessons along the way.

### Setting Performance Goals

On a national level, real changes were needed to improve audit timeliness and control resource use. Therefore, audit management unilaterally established extremely aggressive 3-year goals for timeliness (days from start to finish) and resource use (cost/audit). In the area of customer satisfaction, they had little reliable information, so steps were initiated to find

out what their customers thought of their audit services.

In the area of responsiveness, little data existed telling them whether their audits were satisfying management's needs. An action team was formed to identify a methodology for obtaining input from GSA officials. The only instruction given was that the input needed to be quantifiable so that, as an office, they could establish goals and track improvements. GSA managers were contacted to determine the level of satisfaction with historical performance and to request advice for improving products and services. The most important thing they learned is that agency managers wanted more communication with the auditors during the review process as well as more timely reporting of results. Using what management told them, they established customer satisfaction goals and finalized questionnaires that would accompany each final audit product.

### Providing Valued Products and Services

Traditional, compliance-oriented audits can no longer be the lifeblood of an audit organization in today's fast paced, information seeking, decision-driven environment. This is especially true if your organization intends to make a valued contribution to your agency. Accepting this, they fundamentally shifted the emphasis of their audit program to: (1) performance reviews that seek to determine whether an activity is meeting Congressional, agency, and customer expectations, operating cost effectively, and receiving reliable information for decision-making; and (2) management assistance services that respond to specific program or operational concerns.

Nationwide training helped ensure no misunderstandings existed regarding new methods, processes, and responsibilities. Unlike training in the past, line auditors and their managers attended training together, heard the same message, and were expected to apply the concepts immediately.

They knew that many of the same skills used for performance auditing could be used to provide management assistance services, but first they had to define the nature of services to be provided. They began by offering consulting services designed to be quick responses to specific concerns - usually completed in less than 60 days. Because

# COINS - Moving into the 21st Century

For over 200 years the U.S. Mint has operated in pretty much the same manner. However, as they move into the 21st century, the Mint's new enterprise resource planning system, Consolidated Information System (COINS), will leap light-years ahead of the rest by replacing legacy systems with a new state-of-the-art enterprise-wide integrated system provided by PeopleSoft, Inc.
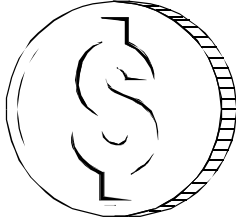
Many top corporations have streamlined business practices to edge-out the competition and gain a greater portion of the market share. Although a Federal agency, the Mint too has competitors and customers for commemorative coins and other collectible products. Mint executives have set out to revamp their processes and performance measures to emulate best practices in both private an public sectors. Implementing the PeopleSoft integrated suite of manufacturing and financial applications (Release 7.0) is a step in that direction, while making the agency Y2K compliant. These commercial-off-the-shelf (COTS) applications include:

- Financial Management,
- Production Planning,
- Accounting,
- Billing,
- Inventory,
- Purchasing, and
- Order Management.

COINS streamlines manufacturing and distribution processes allowing the Mint to provide quality products and services to Mint customers. Many of the Mint's valued coin collectors have been impressed with such changes as cutting the delivery time of their treasured collectibles from six-months to a record three to four weeks. COINS also allows Mint executives the luxury of having detailed information, regarding these valued customers, as close and as quick as the click of a mouse button.

By FY 1999, the Mint will begin upgrading PeopleSoft's financial application (Release 7.5), which will cut across all core application suites to provide a complete solution for controlling and managing resource spending and profitability. PeopleSoft is also enhancing drill down menu capabilities. This enhancement will allow the Mint access to more application modules with greater ease, and therefore better customer service. Also planned, within this new technology, is the supply chain optimization, real time order processing, product configuration, embedded workflow and quality management.

The Mint is also looking forward to PeopleSoft's Activity Based Costing (ABC) which is an accounting technique that allows the determination of the actual cost associated with each product and service produced without regard to the organizational structure. Traditional financial information is reorganized by ABC into a form that makes sense. Items will automatically be classified based on user defined values, such as:

- Historical usage quantity or value,
- Item unit cost,
- Lead time,
- Forecasted usage quantity or value,
- Historical adjustment quantity or value, and
- Transaction counts.

The Mint operates two of the largest coin-stamping operations in the world. Both plants, in Philadelphia and Denver, have stamped nearly 10 billion coins in the last two-years. This volume alone makes the Mint a very large and very profitable manufacturer, with more than $1 billion in annual revenues.

The Mint is one of the few Federal agencies, which is self-funded and no longer depends on Congress for its budget.

Founded in 1792, the Mint has grown into a Fortune 500-size organization. Its primary focus is to provide an adequate volume of coins for circulation and distribution to Federal Reserve banks and branches, as well as maintaining physical custody of the country's $100 billion of gold and silver assets.

For more information, contact Dick Landrine at (202)216-1673. ❑

# Federal Employee Volunteers

The President has directed Federal departments and agencies to review their work scheduling practices and to make maximum use of existing flexibilities, when possible, to allow Federal employees to plan and take time off to perform community service. Each department and agency should review the extent to which alternative work schedules are authorized and encouraged to allow Federal employees to participate in volunteer activities. Likewise, each department and agency is directed to review its policies and practices for granting employees annual leave, leave without pay, credit hours under flexible work schedules, and compensatory time off, where appropriate, to perform community service.

Guidance on the flexibilities that may be used for granting Federal employees time off to participate in volunteer activities can be found on OPM's website http://www.opm.gov/oca/compmemo/1998/CPM98-V2.HTM. ❑

# Treasury Annual FM Conference

Treasury's 9th Annual Government Financial Management Conference is scheduled August 10-12, 1999 at the Hyatt, Bethesda, MD. The conference is planned by Financial Management Service's Center for Applied Financial Management. This year's theme *Highlighting Solutions* will focus on the improvements and developments made in government's financial practices, systems, and operations. The conference will capitalize and improve on last year's successes by offering over 70 sessions by experts governmentwide on topics such as: accounting reporting, auditing, budget, financial systems, procurement, travel, technology, best practices, and GPRA. Other conference highlights include corporate exhibits, demonstrations, and panel discussions by financial systems vendors; prominent plenary speakers; and special plenary sessions on such topics as legislative issues. Like last year, this top-rated conference is expected to sell out; register early. Call the Center at 202/874-9560 for more information. ❑

# Direct Loan System Requirements Update

L ast August JFMIP officials asked the Department of Education's (ED) Accounting and Financial Management Service (AFMS) to lead the government-wide effort to update the JFMIP Direct Loan System Requirements document. Ms. Linda Paulsen, AFMS Director, was the project sponsor. Ms. Maureen Harris, Director of AFMS's Loans Financial Management Division (LFMD) coordinated the teamwork. Team members included Paul Valentic, Isiah Dupree and Keith Ingram from LFMD and Daniel Pollard from the Program Systems Service's Federal Direct Student Loan Systems Division.

The core team established an ambitious timetable for the completion of the updated document. The team held a kickoff meeting on September 3 and planned to issue the final document on October 22. A relatively detailed presentation at the kickoff meeting set the tone for the project. The presentation featured a listing of policies governing JFMIP Direct Loan System Requirements prepared by Mr. Pollard. This section included OMB Circulars and Bulletins, relevant JFMIP documents, and a compilation of existing and potential Federal statutes. The Department of Education's team provided hard copies of the governing policies as well as a listing of web sites where representatives from other agencies could access the text of these policies "on-line." The presentation also provided a listing of ED JFMIP contacts, a Project milestone chart, and the ED team's plan for document version control. Finally, of course, the ED team distributed a first draft for review and comment. "Internal" (ED) reviewers received this first draft as well.

The representatives from several agencies provided timely and relevant comments on the September 3 first draft, and Mr. Dupree incorporated these comments into a revised draft document. The team issued this revised, or "final," draft to both "internal" and "external" parties after hosting extensive vetting sessions. Mr. Ingram provided expertise to the process from an audit,

*Federal Financial Management System Requirements*

**Direct Loan System Requirements**

**EXPOSURE DRAFT**

financial reporting and analysis perspective. The vetting sessions, led by Mr. Valentic, were comprehensive with much discussion and negotiation. Agencies participating in the update included the Department of Agriculture-Rural Development, the General Accounting Office, the Office of Management and Budget, the Federal Emergency Management Agency, the Department of Veterans Affairs, and the Department of Commerce. ED reviewers (internal sources) and agency representatives (external sources) then provided "final" comments.

As a result of effective teamwork within ED and cooperation from Dennis Mitchell, the JFMIP representative, the ED team completed the update on October 22, as originally scheduled, and presented the document to the JFMIP. The document was subsequently presented to the Chief Financial Officers' Council Financial Systems Committee, the Federal Credit Policy Working Group (FCPWG), and the Federal Accounting Standards Advisory Board. All of these parties agreed that the document was ready for the exposure draft phase. Ms. Paulsen provided a more detailed presentation of the update to the FCPWG on November 19. On November 20, the document was officially presented to the JFMIP Steering Committee for consideration as a formal exposure draft. The exposure draft was issued by JFMIP on December 14, 1998. ❑

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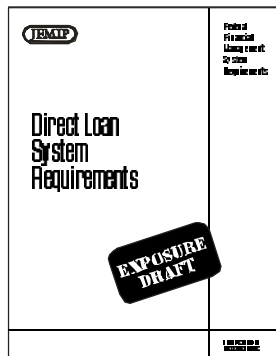
Administrator Alvarez is personally interested in the COSO process in SBA.

Concerning recent financial management legislation, Mr. Wilson is very pleased that travelers will soon be required to use the government travel charge card for car rentals and hotels in addition to common carrier tickets. SBA has selected NationsBank Master Card as its travel card and will have a daily,

automated interface with them. With all charges made on the traveler's account, SBA can then determine how many per diem nights it is paying for at various geographic locations. With this information, SBA can begin making arrangements to improve the travel conditions for its travelers, and also to save money. "For example, if we know that it will have "x" number of lodging nights in Washington DC, we can find a convenient location, contract with that hotel at a lower rate and without state and local taxes and guarantee a certain number of lodging nights with that hotel," he said.

He supports using commercial off-the-shelf (COTS) systems. SBA is evaluating COTS packages and will test them rigorously. SBA doesn't expect the software to solve all their problems, but it should meet about an 80- 85% of their needs. SBA's strategy is to adapt their processes to the way the software functions – not visa versa. They are willing to change the way they do business; customization is not the answer. The entire FMSS process and the JFMIP's test are being improved greatly and hopefully the JFMIP test will be sufficient. However, SBA is ready to do additional testing, especially with high transaction volumes, if necessary. If SBA is unable to find a COTS that meets its requirements, it will instead incrementally evolve with other users of the Federal Financial System with particular focus on making the front end more user friendly and and the back end more robust with usable financial management information.

Mr. Wilson's goals in the near future are to modernize the loan accounting and core accounting systems and implement a cost accounting module. SBA will automate travel, at the desktop level, using a COTS. As they gain experience, they will work with the Chief Information Officer and the other administrative functions as they automate purchases, time and attendance, training forms, etc. Another major priority is to continue the development and refinement of an annual resource planning process to have a more clearly documented and predictable process that stands the test of time. COSO and cost accounting round out their top priorities.

Mr. Wilson believes that the key to strong financial management is to modernize systems and develop strong internal control. ❑

# Cashless Training: Stored Value Card for US Army Basic Trainees

The Department of the Army, in partnership with Department of the Treasury - Financial Management Service (FMS), the Defense Finance and Accounting Service (DFAS), and the Army and Air Force Exchange Service (AAFES), is testing the Stored Value Card (SVC), or "smart card," at Army basic training installations. Other major players in the pilot program are the on-post banks and credit unions. The embedded chip program was deployed at Fort Leonard Wood on May 15, 1997, Fort Knox on June 11, 1997, and Fort Sill on March 2, 1998. Fort Benning's pilot will begin in January 1999. The FMS funded the initial test and the Department of Army is funding the final phase of the pilots.

Over 60,000 new recruits will be issued the Stored Value Cards (SVC) in the next year. The SVC is issued to trainees at no cost, and replaces cash, check payments, and voucher system of their initial advance pay. Trainees use the funds on these smart cards - $200 for males and $260 for females - to pay for personal items such as toiletries and haircuts during their eight weeks of basic training. At the end of basic training, the trainee can "zero out" the smart card at the on-post financial institution, or just let the card expire and receive any unused portion as a credit to his or her military pay or checking account.

### Smart Cards

The SVC is the size of a standard plastic credit card. Its embedded microprocessor chip holds various types of information in electronic form and with sophisticated security mechanisms.

The partners in the SVC initiative selected the "closed system" for Forts Knox and Sill and the "open system" for Fort Leonard Wood. Basically, the Fort Knox SVC is used with a Personal Identification Number (PIN); the Fort Sill SVC requires biometrics (fingerprint identification), and the Fort Leonard SVC does not require either (i.e., an open purse). The open system being used at Fort Leonard Wood is based on the published VisaCash standard that is available to any VisaCash card issuer. The closed system is issued by one institution.

### Players and Roles

The Stored Value Card pilot program reflects a cooperative effort among a wide range of players - from Treasury's FMS to the individual trainee. Treasury FMS is responsible for the overall pilot management, and selected the financial agent to build and operate the SVC system.

The Defense Finance and Accounting Service, with the assistance of the on-post Defense Military Pay Office (DMPO) has primary responsibility for executing the pilot program on the installation. The DMPO acts as the day-to-day central point of contact, and is responsible for ordering card stock, maintaining current inventories and controls of card stock, distributing cards, accounting for cards, and handling lost, stolen and malfunctioning cards. The DMPO also prepares the military payroll with information required to ensure proper payment to the trainees, and generates Automated Clearing House (ACH) credit to the financial agent to pay for the SVC issued.

The Office of the Assistant Secretary of the Army (Financial Management and Comptroller) (ASA (FM&C)) provides policy coordination and supports the pilot at the Army Major Command (MACOM) and the pilot installations.

The U.S. Army Finance Command (USAFINCOM) manages the SVC program on behalf of the ASA (FM&C).

The U.S. Army Training and Doctrine Command (TRADOC) will be the only MACOM testing the SVC. TRADOC approves the sites and provides general support to deploy the SVC at its installations.

The installation reception battalions coordinate overall operation of the pilots with the DMPO. The reception battalions oversee the locations where the cards are issued and provide the DMPO with daily rosters of trainees who should be issued the SVC's. The reception battalions also provide the DMPO with projections on the number of trainees, for the purposes of ordering card stock.

The training cadre provides day-to-day guidance and instructions to the trainees on the purpose and general use of the SVC's. The Treasury's financial agents, First Union Bank (FUNB) and Mellon Bank are responsible for designing and implementing the SVC system on the installations. This includes hardware components (cards, terminals, etc.), installation, testing, training, transaction processing, settlement, accounting, reporting, and on-going customer support.

The Army and Air Force Exchange Service and on-post concessionaires accept the SVC as payment from trainees at agreed-upon locations. AAFES manages the inventory of spare and portable terminals, and provides level one support on terminal usage.

The on-post financial institutions (Armed Forces Bank, Fort Sill National Bank, mid-Missouri Credit Union, Fort Knox Federal Credit Union, and Fort Sill Federal Credit Union) provide cash out services to all trainees, and also accept the SVC for account openings.

Morale, Welfare, and Recreation coordinate local on-post events so the SVC's are accepted as payment from trainees for special event access and materials. The trainees and prior services soldiers whose authorized pay advances are issued on Stored Value Cards use -the SVCs to make purchases at designated locations on-post.

### Pilot Goals

The major partners in this effort have a wide range of initial goals for the Stored Value Card pilot program.

The Financial Management Service will gain experience with new transactional technologies as the SVC platform matures in the United States. They can review the impact of "electronic money" in a traditionally cash-based society and find new solutions for cash management problems.

The Defense Finance and Accounting Service (DFAS), sees this new technology as a way to reduce cash holdings at the DMPO offices and move towards a cashless environment, eliminate paper checks, and learn more about smart cards as a vehicle for delivering other types of financial transactions. The Department of the Army will reduce administration time for processing trainees, and will have fewer checks issued, reduce cash operations, and will have better security in the barracks. The Army also will learn about smart cards for delivering financial transactions in peacetime and during military operations.

### Results to Date

As this writing, the SVC already has been used by trainees for more than 700,000 transactions in 15 months. From the beginning, the SVC demonstrated that concession cashiers can process the trainees

necessary adjustments in the test design by the end of January 1999. Then the JFMIP will "test the test" in February and begin to test vendor products starting in April 1999.

*Human Resources & Payroll .* The Exposure Draft of the Human Resources & Payroll Systems Requirements was issued on November 5, 1998 with comments due to JFMIP by January 8, 1999. Major changes include: (1) changes in statutes, regulations, and technology that have occurred since the document was originally published in May 1990, e.g., passage of the Chief Financial Officers (CFO) Act of 1990 and the Federal Financial Management Improvement Act (FFMIA) of 1996; (2) changes in personnel practices brought about by the National Performance Review (NPR); and (3) increased availability of commercial off-the-shelf (COTS) software packages. JFMIP thanks the Human Resources Technology Council and the representatives of the Civilian Payroll Agencies for their many contributions. A number of changes that are being received, will be evaluated and addressed during the final publication process of the Requirements document.
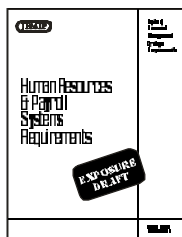
*Direct Loans.* The Exposure Draft of the Direct Loan System Requirements was issued on December 14, 1998, with comments due by February 26, 1999. Major changes to the existing document include: (1) statutory and regulatory changes, including the Debt Collection Improvement Act of 1996; Statement of Audit Standards (SAS 70); Troubled Debt Servicing; (2) technological changes, including electronic guidance to make collections using Web-based technology; automated system balancing; and electronic application criteria; and (3) JFMIP documentation changes, including the updated JFMIP Core Financial System Requirements document and the issuance of the Framework for Federal Financial Management Systems document.
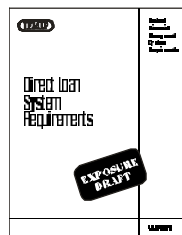
*Travel.* The JFMIP Steering Committee was briefed on the Travel System Requirements draft document on December 22, 1998. The Exposure Draft will be released in January 1999 with comments due by late March. This document incorporates many changes resulting from the passage of the Travel Reform and Savings Act of 1996 and the Travel and Transportation Reform Act of 1998. The document is presented in terms of mandatory requirements and value-added features.

*Guaranteed Loans.* The Small Business Administration (SBA) held a kick-off meeting on December 8, 1998, to establish plans for updating the JFMIP Guaranteed Loan System Requirements Document. The team met several times to update the requirements. The revised requirements are expected to be developed in the Spring 1999.

*Seized/Forfeited Assets.* A discussion draft of the updated seized/forfeited assets system requirements document has been revised and a meeting of the team members will be held in late January. The team expects that the exposure draft will be presented to the JFMIP Steering Committee in February.

### For Development:

*Grants.* The team members have received briefings from NSF outlining an overview of the grants process and the financial functions of NSF's FastLane system. The Logistics Management Institute also provided a briefing to the team members indentifying opportunities to improve grants management through technology. They have obtained copies of applicable guidance and presentation materials, as part of the information gathering stage in the development of financial system requirements. The team members completed an outline for the document, which was approved by the team leader, and have begun developing the system requirements. The preliminary draft of the requirements is expected to be completed by April, 1999.

*Property Management.* JFMIP is trying to select a project leader for the development of these requirements.

*Professional Development of Financial Management Personnel.* We have issued Exposure Drafts of updated core competencies documents for accountants, budget analysts and financial managers. The documents are posted on the JFMIP website. (www.financenet.gov/fed/jfmip/jfmip.htm) Comments are due by January 29.

We are working with the Chief Financial Officers Council's Human Resources Committee on using Web technology to get information on financial management education and training courses that meet core competencies. This information will be developed and updated by the training providers. The webpage will allow the user to search for a training course by function or by training providers. More accurate and current information can be accessed by the user, since this website will hyperlink with the websites of the training providers. The beta site is already available on FinanceNet and the CFO Human Resources Committee will be meeting FinanceNet staff soon to discuss the implementation of this project.

### JFMIP Conference and Awards

The JFMIP is sponsoring our 28th Annual Financial Management Conference on March 19, 1999. This year's theme is "The Future is Now—Implementing Financial Management Initiatives." David Walker, the new Comptroller General of the United States is the morning keynote speaker. We have planned an educational event that will share the latest information in critical areas of financial management. Don't miss this event. More information on the Conference can be found on pages 6-7 of this newsletter. The Nominations Review Committee is deliberating on the nominees for distinguished financial management leadership in the public sector for the Donald L. Scantlebury Memorial Awards. Notification of the recipients of this year's awards will be done in February.

Please give us a call at (202) 512-9201 or write to us if you would like to assist in any of these projects. ❏

# VA's Bay Pines Test Lab

Technology is changing and business practices are evolving. The two are a perfect match, provided that you apply the right technology to the right business need. Hence, the reason the Department of Veterans Affairs (VA) has developed a technology test lab in Bay Pines, Florida. The lab's mission is: to aid technological service projects by improving effectiveness, timeliness and quality of healthcare delivery through planned and controlled evaluation, testing and integration of healthcare information systems.

The lab will provide VA with a controlled environment to test new and emerging technologies and systems. Introduced early into the systems planning process, the lab lets the VA conduct tests even before implementing or acquiring new hardware, software or communications products. VA will use the lab to handle vendor validation testing, performance and systems integration testing, user acceptance testing and regression testing. These activities ensure that software and hardware being considered will perform as advertised, match the VA's architectural environment and meet the VA's defined business needs. Ultimately, the lab will assist VA in accomplishing its charter to provide veterans with the services they need at the most effective cost.

Although the lab facility is brand new, a number of projects are already scheduled to use it, the first being the VA's Integrated Financial and Logistical Management System (IFMS) project. VA's changing business needs demand a comprehensive financial and logistics system to support its operations. VA's current core financial system is a complex conglomeration of an extensively modified Commercial-Off-The-Shelf (COTS) accounting system with 48 non-integrated interfaces, most of which are not able to keep up with today's rapid business changes. The Bay Pines lab is providing an optimal environment to examine whether or not a COTS enterprise system can handle VA's financial and logistical business requirements.

With expert contractor assistance from Booz-Allen & Hamilton, Systems Research Corporation, and Birch and Davis, as well as expert VA Chief Financial Officer and Chief Information Officer representatives, VA identified critical requirements and prepared a set of scenarios for testing at the Bay Pines Lab in January, February, and March. The scenarios focus on value added VA requirements versus core financial requirements, since government-wide core financial requirements are being reengineered, tested and publicly documented through the new JFMIP Program Management Office. At this point, the IFMS lab tests are not a procurement action but rather a requirements-based COTS proof of concept, looking for a viable alternative to a customized financial management system for the largest civilian Federal department. The results of these lab tests, plus risk assessments, cost and alternatives analysis and proposed implementation schedules will be incorporated into VA Capital Investment Board and VA Information Technology (IT) Investment Board submissions in May 1999. The VA Investment Board will then determine if there is sufficient justification for VA to proceed with a new, business based financial and logistical management system.

By providing a forum for VA to test technologies prior to actually buying and implementing new systems, the Bay Pines Lab is a strategic resource for VA. Improving financial and logistical management and operations allows VA to maintain the important focus – providing services to America's veterans.

For more information about the Bay Pines Lab, contact Lab Manager Rose T. Gnoffo at the Department of Veterans Affairs CIO Field Office. Her phone number is (727) 319-1180 and she can be reached via e-mail at rose.gnoffo2@med.va.gov. For more information about the VA's Integrated Financial Management System (IFMS) project, contact IFMS Project Director Hal Metcalf, IFMS Financial Manager Rick Sales or IFMS Logistical Manager Lou Nangeroni via e-mail at IFMS@mail.va.gov. ❑

faster than they use cash, checks, or vouchers - in 30 seconds or less. Unlike cash, cards at Forts Knox and Sill can be replaced when lost or stolen. The Defense Military Pay office at Forts Knox and Sill no longer need a Military Police escort. Merchants don't need to deposit cash at the end of each day; instead, they just dial a 1-800 number and download the data via the Automated Clearing House (ACH). Additionally, AAFES and the concessionaires don't have to deal with dishonored checks. There is less cash in the hands of the trainees (over $20 million in the past 15 months), and no need for them to purchase money orders to safeguard their funds upon arrival at basic training. Most importantly, the SVC has been well accepted by commanders, training cadres, and trainees.

### Private Industry Concur with the Fort Sill Pilot

In April 1998, at the CardTech/Secur Tech '98 Gala Awards Banquet, the Fort Sill Pilot was one of two programs which received an award. The Financial Management Service and Mellon Bank, the Treasury's agent supporting the Fort Sill pilot, were honored for their innovative integration of advanced identification technologies. The Larry Liden Innovative Security Applications Award was awarded for the integration of stored value smart cards and fingerprint biometrics. The Larry Linden Memorial Award for Innovative Security Applications recognizes organizations which demonstrate the opportunities offered by advanced card and biometrics technologies when creatively applied to real-world security problems. The SVC system at Fort Sill and Fort Knox uses the SmartCity platform from PTL. The Identicator provided the fingerprint (biometrics) technology for the pilot.

### Summary

The initial results of the SVC pilot program has demonstrated that off-the-shelf technology works well and we can change the way the Army does business in the cash management arena. As we move into the 21st century and an increasingly technological world, the Army will continue working with its partners and other Government agencies and the private sector to develop and test new SVC requirements worldwide. Smart cards will be in common use throughout the United States in less then a decade. By then, we will have a "smart" Army already trained in the use of the embedded chip card. ❑

consulting services are initiated by request, they gave management the ability to both define and limit the scope of the effort. The results (frequently provided by briefings in lieu of written reports) are distributed only to the requesting official. They also began offering proactive assistance to support ongoing program and operational initiatives. For example, their auditors are available to help ensure that appropriate management controls are provided when reinventing systems or to offer potential solutions to complex financial issues. For the most part, proactive assistance is provided in a "real time" environment where managers get immediate responses based upon the professional judgment of the auditor - not formal opinions that follow detailed assessments.

### Transforming Audit Culture

By far, the most challenging issue faced was how to transform their traditional audit culture into an empowered team environment. In the past, like many audit organizations, they maintained the status quo, expected managers to make all decisions, and closely monitored staff activities. Their challenge was to create an environment where auditors no longer looked into the rear view mirror to see who was checking on them, but focused upon maximizing their contribution to the audit team.

An organization's culture is the means through which an office keeps up with today's rapidly changing conditions. Like the integrated systems of an automobile, all areas must be working together if you want to get the best "mileage" out of the your staff. Here are some of the actions they took to energize the audit environment:

- Creating a Team Environment
- Maintaining Open Communication
- Empowering Employees
- Eliminating Roadblocks
- Increasing Recognition

### What Do You Call Success?

Organizations need to clearly define how to measure success. Their organization sees success in continuing their efforts to achieve their mission statement: "To provide our clients timely, cost-effective, useful, and professional audit products and services." Here are a few of the things that have changed since they fired up the audit engine at the GSA OIG just a little over 3 years ago:

- Cost or pricing audits, the mainstay of their contract program, are being issued twice as fast and at half the cost. Now, they are striving to issue these audits within 30 days.

- Since expanding services, they have received more than 70 requests to perform consulting or assistance projects. Management and their auditors have embraced these new services as a beneficial means for assessing options and adopting process improvements.

- Customer satisfaction has increased more than 30 percent and currently averages about 4.6 on a 5.0 scale. And, they are regularly receiving positive feedback, such as "I am a satisfied customer" and " Keep up the good work."

The employees of the OIG Office of Audits were given the Hammer Award for expanding the range of evaluation options, eliminating red tape so audits are completed at lower taxpayer cost, and empowering teams so innovative methods are more easily

# Measuring Program Results That Are Under Limited Federal Control

The General Accounting Office (GAO) recently issued a report which aims to assist the Congress and Executive Branch agencies in implementing the performance plans component of the Government Performance and Results Act of 1993 (the Results Act). Managing for Results: Measuring Program Results That Are Under Limited Federal Control (GAO/GGD-99-16), issued in December 1998, reports to the Chairman and Ranking Minority Member of the Senate Committee on Labor and Human Resources on strategies agencies used to address the challenge of measuring outcome goals that are influenced by external factors.

The first agency performance plans covering fiscal year 1999 were submitted to the Congress after the President's budget in February 1998; plans covering fiscal year 2000 are due in February 1999. In their annual plans, agencies are to provide information on the results that they expect to achieve during the year. GAO found that many of the first performance plans did not

provide measurable goals for the results or outcomes that their programs are intended to achieve. A common challenge was developing measures for outcomes that are the results of phenomena outside Federal government control, either because the agencies aimed to improve some aspect of complex systems like the environment, or because they shared responsibilities with other agencies for achieving their intended outcomes.

To help agencies identify methods for developing such goals, GAO examined six agencies or programs—Job Training Partnership Act programs, the National Highway Traffic Safety Administration, the Natural Resource Conservation Service, Occupational Safety and Health Administration programs, the Safe Drinking Water Program, and Title I: Education Assistance—as case studies of how agencies were able to develop performance measures for outcome goals that are affected by external factors. GAO discusses the strategies that these six cases used to set outcome goals.

The six cases studied shared the challenge of having limited control over the achievement of their intended objectives. Five of the six agencies proposed a mix of outcome goals in their annual performance plans to include far-reaching or end outcomes as well as intermediate outcomes within their more direct control. For example, one agency proposed to measure both highway fatalities (end outcome) and seat belt use (intermediate outcome). In addition, some of these agencies (1) employed a variety of analytic strategies such as breaking out data on subgroups of clients or making statistical adjustments to attempt to reduce the influence of external factors on their measures or (2) narrowed the scope of their measures to reflect more closely the populations served such as employees in targeted industries.

Overall, the six agencies also employed a range of strategies to address additional challenges that arose from the particular circumstances of their programs. For example, where measures of an ultimate goal such as prevention of a disease that takes years to develop were unavailable, three agencies instead relied on assessing whether research-based prevention practices were in place. Three other agencies with great variability in their activities from site to site that made it difficult to set common intermediate outcomes instead relied on end outcomes as a common measure across sites. For example,

# GSA Announces 1999 Per Diem Rates

The U.S. General Services Administration (GSA) has announced updated per diem rates for Federal employees on official travel in the 48 contiguous states and the District of Columbia. The rates, published in the Federal Register on December 2, 1998, take effect January 1, 1999.

For 1999, GSA's Office of Governmentwide Policy, which is in charge of setting the rates, has focused on refining the per diem setting process to ensure more accurate reimbursement for Federal travelers.

### Significant changes in 1999:

Taxes not included in the 1999 base per diem rates — The 1999 per diem rates do not include an allowance for taxes. Taxes will now be paid separately from the room rate based on the actual tax expense incurred by the traveler.

Breakout of metropolitan area per diem rates — Per diem rates have been set separately for local and surrounding areas in major metropolitan localities, allowing for a more accurate reflection of travel costs in these areas. The per diem is based on where travelers conduct their business.

Multiple per diem rates set for some counties — In some cases, more than one rate has been set for a county to reflect lodging industry differences within that county.

In, Out, and Shoulder per diem rates increase travel flexibility – In addition to the "in" and "out" seasonal rates GSA has now added a "shoulder" rate that bridges the seasonal rates.

Laundry/Dry Cleaning expense coverage removed from incidental expenses — Laundry/dry cleaning will now be a separately vouchered and paid item based on actual expenses incurred.

New Meals and Incidental Expenses (M&IE) Tier — the rates for meals and incidental expenses now include an additional tier of $46.

The Federal per diem rates are based on a lodgings-plus system, whereby employees are reimbursed for the actual cost of lodging up to a set limit. In addition, they receive a fixed amount for meals and incidental expenses. Individual rates have been set for 587 higher-cost U.S. cities. Lodging in these locations is paid by the government up to a set limit and reimbursement for meals and incidental expenses ranges from a low of $30 to new high of $46.

GSA's per diem rates also apply to employees of certain government vendors when traveling in connection with Federal contracts Travel per diem rates for locations outside the continental United States – Alaska, Hawaii, and the U.S. territories and possessions – are set by the Department of Defense

A complete list of the 1999 per diem rates is on the Internet after the rates have been published in the Federal Register. The address is www.policyworks.gov/PER DIEM.

For more information, contact: Bill Rivers at 202/208-7631. ▢

| GSA Per Diem Rates: Selected Examples | | | | | | |
|---|---|---|---|---|---|---|
| City | New Rates | | | Current Rates | | |
| | *Lodging* | *Meals* | *Total* | *Lodging* | *Meals* | *Total* |
| Chicago | $104 | $46 | $150 | $120 | $42 | $162 |
| Dallas | $89 | $46 | $135 | $94 | $42 | $136 |
| Denver | $80 | $42 | $122 | $92 | $42 | $126 |
| Ft. Worth | $69 | $38 | $107 | $94 | $42 | $136 |
| Kansas City, MO | $85 | $42 | $127 | $88 | $42 | $130 |
| Kansas City, KS | $51 | $30 | $81 | $88 | $42 | $130 |
| Los Angeles | $95 | $46 | $141 | $109 | $42 | $151 |
| Manhattan | $195 | $46 | $241 | $198 | $42 | $240 |
| Queens Borough | $159 | $46 | $205 | $198 | $42 | $240 |
| San Francisco | $129 | $46 | $175 | $120 | $42 | $162 |
| Washington, DC | $115 | $46 | $161 | $126 | $42 | $168 |

while local employment assistance sites may tailor preparation activities to the needs of the clients and local labor market, these sites were all measured against clients' subsequent employment. Agencies also varied in their strategies for obtaining common data to portray their programs at the national level. Two agencies extracted common data from existing state records, such as police accident reports, while three others developed their own data collection and reporting systems, such as follow-up interviews with clients. Two agencies drew on the results of independent data sources, and one of these agencies also proposed to use national program evaluations to assess states' progress on varied intermediate outcomes.

GAO notes that in developing their performance goals, all of the agencies appeared to have benefited from considerable and perhaps unusual access to analytical resources and from previous experience in measuring their results. Three programs had legislatively mandated reporting requirements; three agencies had begun strategic planning to identify their mission and long term goals before the Results Act was enacted. In each of the cases, officials reported that they had access to research on the relationship between their programs' activities and intended results or had experience using research and evaluation in program planning. Several agency officials mentioned the importance of stakeholder involvement in the development of practical and broadly accepted performance measures. Three programs used performance information to hold local service providers accountable for results.

For copies of the report, call (202) 512-6000. Comments on the report can be addressed to Stephanie Shipman, Assistant Director, Advanced Studies and Evaluation Methodology, General Government Division, at (202) 512-7997 or via email at shipmans.ggd@gao.gov. ▢

# The Future is Now:

## Implementing Financial Management Initiatives

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## JFMIP 28th Annual Financial Management Conference

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## March 19, 1999

## Check out the JFMIP Website:
www.FinanceNet.gov/fed/jfmip/jfmip.htm.